

Digital business accelerated

SUMMARY

Before the arrival of COVID-19, Chubb collaborated with Accenture to survey executives from around the world, and uncover the key trends affecting small and mid-sized businesses. The research surveyed 1,350 executives from businesses across 14 sectors in nine markets (Australia, Brazil, Canada, Colombia, France, Japan, Mexico, the United Kingdom, and the United States). And the results provide comprehensive insight into which areas businesses have been focusing on over recent years, and why.

SINGAPORE SPECIFIC INSIGHTS

The priorities and trends derived from the survey are applicable to the Singapore landscape and in this document, we'll look at the Singapore specific insights alongside the main survey findings.

SMEs are at the heart of Singapore's economy, employing two-thirds of the workforce and contributing to nearly half of the nation's GDP. With COVID-19 renewing the urgent need to accelerate transformation, Singapore's SMEs need to leverage digital solutions and innovation to continue to grow and thrive.

- With the onset of the global pandemic, more and more firms are navigating **digital first communications** with customers and **harnessing the power of data** to refine service offerings and optimise business operations.
- Additionally, businesses are supporting a **transformed workforce** as they shift to remote and/or hybrid working arrangements.
- They are also looking to collaborate with partners and **play in the global market** as they continue to seek and tap on growth opportunities.

Chubb in Singapore is cognizant of the risks associated with these four drivers for SMEs as they accelerate their growth digitally. It is well-positioned to address SMEs' risk management needs with relevant tailored solutions to help them achieve their growth ambitions.



FOUR KEY THEMES FROM THE GLOBAL SURVEY

01

Navigating digital-first communications

Building digital experiences to reach customers at the right time and place, and enabling seamless delivery of products and services, tailored to customers' wants and needs.

02

Harnessing the power of data

Adopting cloud and other advanced technology, such as AI, to refine customer products and services and optimise business operations.

03

Supporting a transformed workforce

Addressing the accelerated shift to an increasingly digital workplace with flexible work solutions, career and skill development opportunities, and innovative benefits.

04

Playing in the global market

Building opportunities across both literal and figurative borders by forming partnerships with other companies to build new products or services and commercial and social platforms to expand reach and capability.



Protecting against the risks

Embracing the acceleration of digital transformation can help companies survive, but it can also come with significant risk. With the right insurance solutions, businesses can pursue growth and seize new opportunities with confidence.

KEY THEME 1

Navigating digital-first communications



- 5.14 million internet users, with internet penetration standing at 88%, one of the world's highest (as of January 2020)¹
- Online shoppers formed 86% who used digital payments during the pandemic.⁵
- 77% of companies in Singapore see customer experience as a priority⁴

Building digital experiences to reach customers have now become a necessity rather than a good-to-have. With rapid digitalisation and mobile adoption, customers increasingly expect on-demand services and personalised solutions. Businesses need to evolve so they can fulfil customers needs, improve customer experience with their brand and deliver their products seamlessly.

Singapore has one of the world's highest internet penetration rates at 88%¹ and users spend an average of 6h 48min per day on the internet. During the COVID-19 crisis, local consumers also spent more time online² as social distancing measures were implemented, prompting a shift to online shopping and digital payments. However, 40% were not satisfied with their shopping experience³, revealing that delivery costs, product prices and delivery time could be better improved. With an increase in demand and the added pressure to meet consumer expectations, businesses are making the customer experience a priority⁴.

Digitising products and solutions, including mobile applications and online platforms, allow SMEs to reach more customers and increase their brand visibility. They can also develop direct relationships with customers, obtain feedback and in turn improve services to enhance growth.

As companies gather more customer data to enhance or personalise user experience, it also raises privacy concerns and people are becoming wary of sharing personal information with companies. Businesses, therefore, have the added responsibility to safeguard customer data and also be prepared for any potential cyber threats.

RISKS AND PRODUCTS

For companies, it is not a matter of "if", but "when" a cyber-attack will happen. Chubb's cyber solution provides risk engineering services, including pre-loss and incident response solutions to help mitigate against cyber incidents which can cripple a company.

Potential business risk	Chubb products and services available
Storage of customer, employee and partner data in the cloud may increase risk of cyber breaches and electronic theft.	Cyber / Crime
Collection of customer data creates legal risks. Without a full understanding of data privacy regulations, companies may find themselves in violation of laws, and more.	Cyber
Cyber breaches can lead to reputational risk and the need for crisis management.	Cyber
Loss of income due to a cyber breach.	Cyber
Litigation arising from social media interactions.	Cyber / Errors & Omissions (Media Liability)

¹ <https://datareportal.com/reports/digital-2020-singapore>

² <https://www.uobgroup.com/web-resources/uobgroup/pdf/newsroom/2020/Singaporeans-help-local-businesses.pdf>

³ <https://blackbox.com.sg/everyone/2020/05/06/most-countries-covid-19-responses-rated-poorly-by-own-citizens-in-first-of-its-kind-global-survey>

⁴ <https://www.cdottrends.com/story/15314/more-sg-companies-see-cx-priority>

⁵ Out of 1,000 Singaporean consumers who participated in the survey.

Harnessing the power of data

Artificial intelligence (AI) and cloud technology increases the efficiency and profitability of industry and trade, and has widespread uses in every aspect of the business, especially in data analytics and storage. AI, for instance, enables companies to make data-driven business and product decisions based on user insights to optimise business operations, pivot and grow, while cloud technology to store data allows companies to be more efficient and agile.



- 83% of SMEs in Singapore have digital transformation strategies in place, but only 2 in 5 SMEs perceived their efforts to be successful.⁸
- 54% blamed the pandemic for slowing their digital transformation plans, and 56% said it was too expensive to digitalise.⁸

6 <https://www.businesstimes.com.sg/sme/singapore-smes-digitalised-leveraged-data-at-higher-rates-than-global-peers-amid-pandemic>

7 <https://www.imda.gov.sg/programme-listing/smes-go-digital>

8 <https://www.straitstimes.com/singapore/over-half-of-smes-blame-digitalisation-delay-on-virus>

Realising the benefits, cloud adoption among Singapore SMEs has been on the rise since the start of the pandemic, with about 62% of companies having used online business solutions last year as they sought to manage operations more efficiently and engage with customers.

This yielded a 30% increase in overall cloud adoption from 2019⁶. This could, in part, be attributed to Singapore government’s effort in supporting SMEs digitise their businesses⁷ as it continues to drive Singapore’s Smart Nation agenda by helping businesses leverage growth opportunities in the digital economy.

Despite all that, the global pandemic has caused delays among SMEs in the implementation of their digitalisation plans⁸, even though many of them have strategies in place to go digital.

RISKS AND PRODUCTS

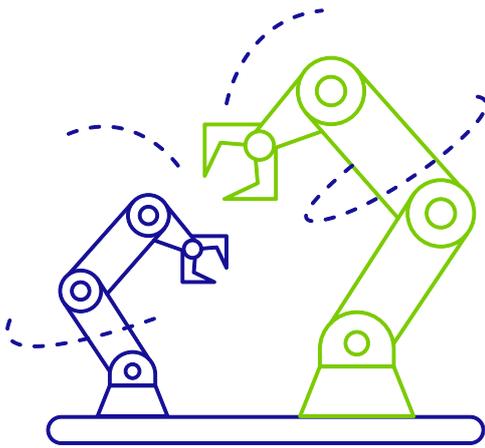
As companies reprioritise their digital transformation efforts in the next normal, the use of cloud platforms and storage technologies also present new risk exposures.

Cyber incidents are on the rise and customer information is at risk from skilled hackers and state-of-the-art malware. Directors, officers or professionals are also exposed to an increasingly wide range of third-party claims. Companies need to understand the additional liability challenges they face in order to ensure adequate protection is in place.

Potential business risk	Chubb products and services available
Collection of large data sets creates legal risks.	Cyber
Liability from misuse or misinterpretation of client data for any consultation.	Cyber / Professional Indemnity (Technology)
A cyber breach can lead to reputational risk and a need for incident response services, such as public relations, crisis communications and more.	Cyber
Liability exposures can arise from failure of a product to perform.	Professional Indemnity
Incorporating the use of new digital technologies without proper due diligence may lead to an actual or alleged impact on services offered to customers, leading to costly lawsuits.	Cyber / Professional Indemnity / Directors & Officers
Machine errors arising from technology failures can result in property damage or bodily harm.	Technology Insurance (PremierTech)

Supporting a transformed workforce

Since the pandemic, companies have had to address the accelerated shift to an increasingly digital workplace, with flexible work solutions, career and skill development opportunities, and innovative benefits for their employees. Furthermore, as customer centricity becomes a priority, employees need to upskill and adopt new technologies to better serve customers. As we navigate the new work environment, these trends will continue to drive workplace transformation.



- 8 in 10 Singaporean employees prefer to either work from home or have flexible working arrangements, with 1 in 10 preferring to return to office full-time.⁹
- 9 in 10 employees in Singapore believe they need to reskill or upskill to stay competitive in the post-pandemic world.¹³

In Singapore, eight out of 10 employees now prefer to either work from home or have flexible working arrangements, while just one in 10 would like to return to the office full-time⁹. Companies need to invest and implement new technologies not only for operational efficiencies, but also to ensure business continuity as employees adjust to the new working environment. Attracting and retaining top talent is essential for any business. Companies are now investing in technology and digital tools to accommodate employees' preference for workplace flexibility and the changing dynamics of performance assessment.

As companies continue to accommodate flexible working arrangements and provide more learning opportunities for employees, they help to cultivate a positive and agile workforce, while increasing employee motivation and performance. Since the beginning of the pandemic, the Singapore government has been encouraging companies to implement flexi-work arrangements¹⁰, providing them easier access to funding such as the Jobs Support Scheme¹¹ which has been extended to aid businesses that remain badly hit by COVID-19.

However, balancing flexible working arrangements has also created more stress for some people as they need to tend to their family obligations while fulfilling their job responsibilities¹². Introducing initiatives to address mental health and overall well-being concerns is also critical to supporting a transformed workforce.

RISKS AND PRODUCTS

While flexible work arrangements are more convenient for employees and may enable a company to hire or keep specialised talent, such arrangements also introduce new types of risks.

Potential business risk	Chubb products and services available
Poorly set-up home offices, and/or unhealthy habits when working from home can lead to an increase in injuries or mental health issues.	Group Personal Accident / Work From Home Insurance
Remote employees untrained in utilising remote set-ups or using unsecured connections creates a higher level of cyber risks.	Cyber
Employing freelancers or contractors may lead to a cyber breach due to malicious intent or poor security training, as well as exposure for failing to train or supervise such individuals.	Cyber / Directors & Officers / Professional Indemnity
Divulging Personally Identifiable Information (PII) on social media accounts or posting a malicious link that infects the systems of those who click on it with malware.	Cyber
Delayed or impaired work product for customers resulting in missed deadlines and services standards.	Professional Indemnity
An employee's irresponsible use of the organization's social media accounts could lead to harassment or discrimination allegations against the company.	Cyber / Directors & Officers / Professional Indemnity

⁹ <https://www.straitstimes.com/singapore/8-in-10-in-singapore-want-to-work-from-home-or-have-more-flexibility>

¹⁰ <https://www.straitstimes.com/politics/firms-with-staff-on-flexi-work-for-at-least-1-month-can-apply-for-grant>

¹¹ <https://www.straitstimes.com/singapore/jobs-support-scheme-to-be-extended-by-up-to-6-months>

¹² <https://www.straitstimes.com/business/economy/covid-19-has-created-flexible-work-for-women-but-it-has-also-brought-more-stress>

¹³ <https://www.straitstimes.com/business/economy/survey-9-in-10-workers-see-need-to-boost-skills-in-uncertain-job-market>

Playing in the global market

Businesses that are looking to grow need to build opportunities across both literal and figurative borders by forming partnerships with other companies to build/source new products or services. In addition, companies also need to leverage commercial and social platforms to expand their reach and capabilities. The digital landscape facilitates e-commerce by enabling opportunities to capture a global customer base. To do so requires collaboration with global enterprises and other international vendors and suppliers.



- 77% of Singapore SMEs pick ASEAN as an expansion venue, against 22% for China and 15% for South Asia.¹⁴

Recognising the potential of some of the world’s fastest growing emerging markets, more than three-quarters of SMEs in Singapore¹⁴ have plans to expand in the ASEAN region. In Singapore, SMEs can leverage initiatives introduced by the government to access cross-border trade platforms, such as OneSME¹⁵, which was introduced amid the pandemic. Enterprise Singapore and the Infocomm Media Development Authority also launched a programme called Grow Digital¹⁶, to connect SMEs with the global market through online platforms.

Besides scaling geographically, companies are also collaborating with businesses across the ecosystem for growth. For example, Southeast Asia fintech platform, Grab, partnered with Chubb in 2018 to offer insurance solutions to its driver-partners and subsequently riders in several countries in the region.

However, while SMEs recognise the need to collaborate with bigger commercial players within the ecosystem, it presents challenges around data, technology, products and services. Conducting business in unfamiliar territories is often daunting if companies are not equipped with extensive knowledge and experience of local risks and regulations.

As Singapore’s business environment recovers with the gradual but promising roll-out of the COVID-19 vaccine this year, companies will no doubt be looking at new ways and opportunities to accelerate growth and to emerge from the pandemic in a position of strength.

RISKS AND PRODUCTS

Doing business around the globe can be a key driver of growth for the future – if it is done with an eye toward the potential risks.

¹⁴ <https://www.businesstimes.com.sg/asean-business/most-singapore-smes-pick-asean-as-top-destination-to-grow-sbf-survey>

¹⁵ <https://www.straitstimes.com/business/companies-markets/platform-can-help-spore-smes-access-china-buyers>

¹⁶ https://www.enterprisesg.gov.sg/-/media/esg/files/media-centre/media-releases/2020/jun-2020/grow-digital_22june.pdf

Potential business risk	Chubb products and services available
Exposure to new and unknown overseas risks and regulations.	Directors & Officers / Professional Indemnity / Cyber / Marine / Global Services (Multinational Risk Management Solutions)
Exposure to political-related risks overseas, excluding terrorism (e.g. transfer of money, goods lost or confiscated at ports).	Directors & Officers / Crime / Marine
Selling products in new markets requires transportation of goods that may be put at risk while transit.	Marine